



TOWN OF BROOKFIELD

BROOKFIELD, CT 06804

To: Senator Formica, Senator Osten, Representative Walker, and distinguished members of the Appropriations Committee

From: Stephen C. Dunn, First Selectman, Town of Brookfield
Stephen G. Harding Jr, State Representative and Board of Education Member
Robert J. Gianazza, Chairman, Board of Finance, Brookfield
Robert D. Belden, Jr, Chairman, Board of Education, Brookfield
John W. Barile, Superintendent Brookfield Public Schools

Re: Governor Malloy's 2017-2018 Budget Proposal (HB-7027)

Date: February 20, 2017

We are writing to express our concern about the Governor's proposals regarding changes to the Educational Cost Sharing Grant (ECS) and flowing down 30% of Connecticut's teacher pension obligation to the towns and cities. For Brookfield and the majority of communities in our state, these proposals represent an extraordinarily significant economic burden.

For Brookfield, the Governor has proposed reducing the ECS grant to zero, representing a \$1.5M loss of funding to our town. The added costs for teacher pensions that have been proposed are a \$2.1M additional burden for our town. Between the two, they comprise a \$3.6M impact, or an implied 5.7% property tax increase for these items alone. We know that each of our legislators deeply understands the impact a 5.7% tax increase to taxpayers would have and how unpalatable, unmanageable and un-passable such a tax increase would be, especially since this is in addition to normal inflationary factors that towns have to deal with on their own. Brookfield is not the only town in Connecticut facing such an impact; there are many.

We offer the following thoughts to the appropriations committee:

- 1) While we, as public servants, understand the need for repairing the ECS grant structure to provide funding from the state to communities who most need it, we do not understand how this would yield zero funding to Brookfield. It simply doesn't make sense, and feels as though it was an arbitrary decision. There also doesn't seem to have been any consideration of the tax impact to towns where the funding is removed; the state should provide for a more measured transition as it re-evaluates its funding model.
- 2) Considering that voters are unlikely to approve such dramatic tax increases, it will force our community to take drastic actions – both in the world of education and in town operations. These are not insignificant amounts. If we must resolve \$3M+ of spending reductions, it will decimate our schools; it is not a matter of "fine tuning" budgets. We would have to consider drastic actions of eliminating programs, increasing class sizes to alarming levels and even closing schools. We are sure the legislature would not condone the dismemberment of Connecticut's strongest school systems (and we like to think that Brookfield is one of them); that certainly must not have been the intent.

- 3) The passing down of pension costs is simply "passing the buck". The Teacher's pension fund has been underfunded by the state for years, and the bulk of the funding currently required is the catch-up required by the actuaries to deal with historical underfunding, and not the actual pension costs for the teachers. The state does not want to deal with this issue and the possible taxation implications, so it is passing the burden onto the communities and forcing the communities to increase property taxes. Our view is that the state should take responsibility for its prior underfunding, and not pass the problem down to the towns.
- 4) There has been commentary from the Governor's budget staff that towns should use fund balances to partly cover this issue implying that towns only need 5% fund balances and that towns have more than that and therefore that they should use it to cover some of this issue. This is a ridiculous statement. Fund balances provide cash flow to communities for day-to-day operations and our experience is that at 5%, a town truly risks running out of money. At a 5% fund balance level, bond ratings also decline significantly and borrowing costs rise significantly. Finally, the broad statement that towns have high fund balances is untrue for many. This is particularly true for Brookfield where we have had serious financial issues to deal with over recent years resulting in an undesirable fund balance position which we are working to correct; our fund balance is in no position to soften the blow of the Governor's proposals.
- 5) The 2.5% spending cap is an unreasonable burden on our community and should be repealed. Brookfield has never had issues with uncontrolled spending growth, but the threat of losing state grant funding in the event of spending higher than such an arbitrary level is an unnecessary state mandate and adds complexity to our budget cycle.

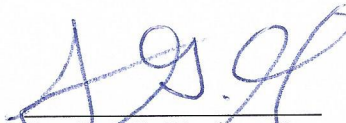
We urge the legislature to overturn these proposals, to take care of the teacher pension underfunding on its own regard, and to take a more deliberate and longer-term approach to adjusting the ECS model. The implications of taking these abrupt budgetary actions are truly unpalatable and unthinkable. In addition, there should be great urgency in resolving this matter quickly. The budget cycle for Brookfield is already underway and culminates in public hearings in April and a Town Meeting and Budget Referendum in early May. If the legislature debates this well into June or July, it leaves towns like Brookfield with great uncertainty regarding its funding status and renders us unable to properly propose a budget to taxpayers.

Thank you for listening. We trust you to do the right things here.

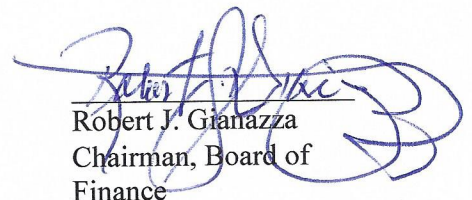
Sincerely,



Stephen C. Dunn
First Selectman



Stephen G. Harding, Jr.
State Representative
107th District



Robert J. Gianazza
Chairman, Board of
Finance



Robert D. Belden, Jr.
Chairman, Board of
Education



John W. Barile, Sr.
Superintendent of Schools